



House Bill 298– Landlord and Tenant – Eviction Actions – Filing Surcharge and Prohibited Lease Provisions

Position: Unfavorable

Maryland REALTORS® opposes HB 298 which significantly increases the surcharge for summary ejectment, breach of lease or tenant holding over actions. State law currently limits such fees to \$8 -18 (similar to other civil actions) but this is just the surcharge and does not include filing fees or the warrant of restitution.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until they can recover some equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

By increasing the surcharge to \$73 and making it unrecoverable in court, the legislation makes a costly eviction process even more so - particularly for small landlords. Landlords may spend hundreds to thousands of dollars when a tenant is evicted. Some counties require a property owner to hire a moving crew to remove any personal property left behind by the tenant. All turnover properties will be cleaned and often painted after a tenant leaves. Eviction is an option of the last resort because of these expenses. Almost all landlords have a strong financial incentive to keep tenants in a property as long as possible.

Some of our property managers report that between 3-20% of their rental owners are selling properties due to the strong sales market and continued uncertainty in the rental market. For that reason, it is important that the concerns of tenants and landlords are appropriately balanced.

The Maryland REALTORS® could support a smaller increase in the surcharge but believe the surcharge with other fees should be recoverable by the property owner in court.

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